position of Jute, protection of interests of persons engaged in jute industry and production of raw jute, need for continued maintenance of jute industry etc. Considering the above factors, as well as the National Common Minimum Programme, the Government decided to provide even higher protection to the Jute Sector than that was recommended by the SAC.

Subsidy to units exporting handloom products

3230. SHRI T.T.V. DHINAKARAN: Will the Minister of TEXTILES be pleased to state:

(a) whether it is proposed to provide subsidy to units exporting handloom products;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) No, Sir.

(b) Does not arise.

(c) The Government of India has been implementing various schemes under which financial assistance is provided to the handloom expoting units for promoting exports. The Schemes include Marketing and Export Promotion Scheme, Market Development Assistance (MDA), Market Access Initiative Scheme (MAI), Duty Entitlement Passbook Scheme (DEPB), Focus Product Scheme (FPS), Focus Market Scheme (FMS) etc.

Export of readymade garments

3231. SHRI T.T.V. DHINAKARAN: Will the Minister of TEXTILES be pleased to state:

(a) whether export of readymade garments is not likely to achieve the target this year;

(b) if so, the reasons therefor; and

(c) the action taken to increase the exports?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) As per trends discemible from available exports statistics, exports of readymade garments is unlikely to achieve the targets of US$ 12065 million set for the Financial Year 2007-08.

(b) the shortfall in reaching the targets is being attributed by the apparel industry to the steep and consistent appreciation of the Indian rupee *vis-a-vis* US dollar. In addition, the US market which accounts for 35% of Indian garment exports, has been sluggish since the beginning of 2007.

(c) Government has taken several measures to strengthen the textiles industry, which will also have a positive impact on the exports of textiles and clothing. These measures are as follow:—

(i) The Technology Upgradation Fund Scheme (TUFS) has been made operational from 1.4.1999 to facilitate the modernisation and upgradation of the sector. TUFS has been extended to cover the XI five year Plan period. For the speedy modernisation of the textiles processing sector, Government introduced, w.e.f. 20.4.2005, a credit linked capital subsidy scheme @ 10% under TUFS, in addition to the existing 5% interest reimbursement.

(ii) The fiscal duty structure has been generally rationalised to achieve growth and maximum value addition within the country. Except for mandatory excise duty on man-made filament yarns and man-made staple fibres, the whole value addition chain has been given the option of excise exemption.

(iii) Import of specified textiles and garment machinery has been allowed at a concessional rate of customs duty to encourage investment and to make our textiles product competitive in the global market. The cost of machinery has also been reduced through fiscal policy measures.

(iv) Duty-free import upto 3% of actual export performance during the previous year, of 21 items of trimmings and embellishment items is allowed to garment exporters.

(v) The entire textiles sector, except for man-made fibre and filament yarn was provided optional exemption from excise duty in 2004-05. In 2005-06 Central Value-added Tax (CENVAT) on Polyester Filament Yarn has been reduced from 24% to 16%. These modifications in fiscal levies aim at attracting more investments for modernization of textile sector.

(vi) To facilitate import of state of the art textiles machinery for manufacturing internationally competitive products in post quota regime, the customs duty on textile machinery has been brought down to 10% in 2005-06 except for 23 machinery items which attract Basic Customs Duty (BCD) of 15%.

(vii) Government has launched the Debt Restructuring Scheme *w.e.f.* Sept., 2003 with the principal objective to permit banks to lend to the textiles sector at concessional rates of interest.

Import of tax-free readymade garments

†3232 SHRI RAJ MOHINDER SINGH MAJITHA:
DR. MURLI MANOHAR JOSHI:

Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the facility for importing tax-free readymade garments from Bangladesh and Sri Lanka has been declared by Government;

(b) if so, the details of other concessions declared on such import;

(c) whether such import will affect readymade garment industry in the country; and

(d) if so, in which way it would affect the garment industry?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN): (a) to (d) India is a signatory to the Agreement on South Asian Free Trade Area (SAFTA), which became operational from 1st July, 2006. SAFTA envisages duty reduction by member countries ranging from zero to five per cent within ten years, excluding items in the sensitive list. In pursuance of commitment made during SAFTA negotiations, India will provide zero duty market access for 8 million pieces of garments annually from Bangladesh, operationalized through a Memorandum of Understanding (MoU) signed between the Governments of India and Bangladesh on 16.9.2007. It has also been decided to provide zero duty market acces for 3 million pieces of garments annually from

†Original notice of the question was received in Hindi